

BEFORE THE IDAHO BOARD OF TAX APPEALS

DEBBIE REED,)	
)	
Appellant,)	APPEAL NO. 15-A-1055
)	
v.)	FINAL DECISION
)	AND ORDER
ADA COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Ada County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. R5124800150. The appeal concerns the 2015 tax year.

This matter came on for hearing September 24, 2015 in Boise, Idaho before Board Member Leland Heinrich. Appellant Debbie Reed was self-represented. Chief Deputy Assessor Tim Tallman represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

The issue on appeal concerns the market value of an improved residential property.

The decision of the Ada County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$56,100, and the improvements' value is \$264,700, totaling \$320,800. Appellant contends the correct total value is \$270,000.

The subject property is a .22 acre lot improved with a 2,316 square foot, two (2) story residence built in 1993. The residence has been updated and includes an attached 792 square foot 3-car garage. The property is located in Boise, Idaho in the Lakeharbor

subdivision. More precisely, it is located in a gated portion of the development and backs up to an apartment complex built in 1983. Subject does not have a lake view, but does have nearby access to the lake and a dock.

Subject last sold in August of 2013 for \$306,000. In connection with the sale it was listed through the multiple listing service (MLS) and on the market for about 40 days. The original asking price was \$335,000. Appellant noted the property taxes had gone up considerably since purchasing subject, far more than was expected and considered in the purchase decision. Appellant also reported the fuller impacts of the apartment complex were also not known at the time of purchase.

Appellant provided information on two (2) sales in subject's neighborhood. The first was a 2-story residence with 2,548 square feet. It sold for \$300,000 in October of 2014. Appellant argued the purchase price should be adjusted down because the seller paid closing costs of \$5,000 and a commission bonus was also paid. The second sale closed in February of 2015 and had a purchase price of \$264,000. This property was also a 2-story residence with 1,800 square feet and contained views of the lake. Appellant also provided assessment information on a third, highly similar property.

Appellant, a realtor, also provided a value estimate for subject using a market analysis program called Realtors Property Resource. The value estimate was dated May 10, 2015, and yielded a midpoint value of \$269,480. Information on the particular sales used by the program was not available.

Respondent explained the 2015 assessed value for subject resulted from trending

the 2014 valuation. Details from subject's recent listing and subsequent sale were provided to the record. It was argued the 2013 sale was the best comparable. Adjusting the price for date of sale, Respondent calculated a current value indication of \$323,900. Appellant agreed residential property values were appreciating through 2013 and 2014, but claimed lower-priced homes had appreciated faster and skewed the overall average for residential property. A specific alternative to Respondent's time-adjustment consideration was not provided.

Respondent provided information on four (4) recent, nearby comparable sales. Two (2) of the sales occurred in 2013 and two (2) in 2014. After adjustments for differences between the selling properties and subject, the adjusted values ranged from \$324,660 to \$372,038. Respondent concluded the comparable sales indicated a January 1, 2015 market value for subject of \$340,600.

Appellant noted Respondent's information on Comparable Sale No. 4 incorrectly identified this property as a 2-story, when in fact the 2,812 square feet were all ground level. From the record it was not clear how much this would affect the adjustment for this comparable sale, or if the sale should even still be considered. Regardless, Respondent placed relatively little weight on the sale's value indication.

Appellant further identified an error in subject's property characteristics record. Subject was shown to not have three (3) full bathrooms as listed by the county and in the MLS record. Instead the residence had one (1) bathroom containing only a toilet room and sink. Respondent's adjustment grid indicated the value contribution for a full bathroom was

\$5,000, while a half-bath contributed \$2,500.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2015 in this case. Market value is defined in Idaho Code § 63-201, as,

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Market value is estimated according to recognized appraisal methods and techniques. In the valuation of a residential property, the use of the sales comparison approach is common.

A key element in appraisal is the effective date of valuation. In the sales comparison approach, recent sales of similar property are considered. By recent, it is meant to be near and before the effective date of valuation. The Board found some of Appellant's market information was untimely and therefore it was not considered. The Board also found the evidence of assessed value on a nearby property was not relevant

to the question of subject's market value. Appellant argued closing cost and sale commission cost adjustments were necessary to fairly consider the one (1) timely comparable sale offered into evidence. The appropriateness of deducting the full amounts associated with these costs was questionable. Of more importance was the fact Appellant did not present or quantify adjustments for differences between the selling property and subject. This sale of Appellant's was the same as Respondent's Comparable No. 2.

The Board found the time adjustment made by Respondent to its Comparable No. 2 was miscalculated. The 2-month-old sale was erroneously time-adjusted for 18.5 months. Correcting this error changed the adjusted sale price from \$324,660 to \$309,840. Similarly, Respondent's time adjustment to subject's August 8, 2013 sale price seemed overstated. The Board calculated the subject sale was adjusted for 19.5 months, while the sale date was closer to 16.7 months before the relevant valuation date. Making the suggested correction yields a time-adjusted subject sale price of \$321,330.

Respondent's broader selection of timely comparable sales, and its application of standard appraisal adjustments, provided on the whole a superior valuation for subject. Considering multiple comparable sales and making appraisal adjustments still left some value factors not fully addressed. Respondent chose to address this by giving major consideration to subject's last sale, which would appropriately need to be time-adjusted. The Board also found good cause to give major weight to subject's last sale. The sale reflected a buyer and seller's recent consideration of the adjoining apartment complex, nearby lake access, gated street, residence upgrades, and other value factors like total

living area and garage space. After time-adjustment, be it Respondent's effort or the Board's calculation above, the subject sale indicates a current value a little higher than the current assessment.

Appellant's value claim of \$270,000 was well below the unadjusted and the time-adjusted subject sale price. It's not hard to see ways in which the proximity of the apartments negatively impact subject's use and marketability. However the property is still desirable as reflected in the 2013 sale for \$306,000. The Board did not find where the record supported a negative time adjustment over the intervening time period. To the contrary, the Board found it more likely subject's value has appreciated since the time of sale.

The Board found subject's sale was arm's-length and otherwise comported with the above market value definition. Time adjusting the sale price provides a relatively direct and clear indication of the property's current market value. To at least some degree, both parties agreed market prices have increased since the sale. Respondent offered a mathematical measurement in this regard based on a "line of best fit" and median monthly sale prices for local residential property. Appellant's price appreciation evidence was less clear and not as reliable as that offered by Respondent.

The next best evidence of subject's current value was reflected in Respondent's appraisal-like consideration of multiple comparable sales. There was some issue with comparability and some of the adjustments, but on the whole the market data was found to generally support subject's 2015 assessment.

The current assessment did reflect an incorrect bathroom count. The Board chose to address this error by deducting from the assessment Respondent's value adjustment for a half-bath at \$2,500. Appellant did not otherwise prove error or over-assessment in the 2015 assessment.

Pursuant to Idaho Code § 63-511, in appeals to this Board the burden is with Appellant to establish the assessment is erroneous by a preponderance of the evidence. In this instance the Board believes Appellant partially met that burden in proving subject did not have three (3) full bathrooms. To the extent Respondent's assessment was based on three (3) bathrooms, it was in error. The Board orders a value change to address this error.

For the reasons expressed, the decision of the Ada County Board of Equalization is modified.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease to \$318,300.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

Idaho Code § 63-3813 provides under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 26th day of February, 2016.